

# Value Balanced 70 Portfolio

A diversified, multi-asset portfolio managed by

MLC Asset Management

Monthly Report | 31 May 2025



## Portfolio details

MLC's Value Balanced 70 Portfolio is a complete investment solution aimed at providing investors with above-inflation returns through expertly managed, low-cost portfolios that blend the strengths of active and index management.

The Portfolio is expected to maintain an average exposure to growth assets (shares, property, infrastructure & alternative growth assets) of approximately 70% over time.

<b>Portfolio Objective</b>	Aims to deliver a return of inflation +2.5% p.a. over 5+ years (after Model Manager fees).	<b>Indicative holdings</b>	20-25 Direct shares 5-15 Managed funds / ETF's
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## Portfolio performance inception

	1m	3m	1 yr	3 yrs	Inception <sup>4</sup>
Total Return <sup>1</sup>	3.0%	1.5%	10.4%	8.5%	9.0%
Income <sup>2</sup>	0.2%	0.6%	3.8%	3.4%	3.7%
Growth	2.8%	0.9%	6.6%	5.2%	5.4%
CPI + 2.5%	0.4%	1.2%	4.5%	6.5%	6.9%
Peer Category <sup>3</sup>	3.1%	1.3%	10.2%	7.8%	8.2%

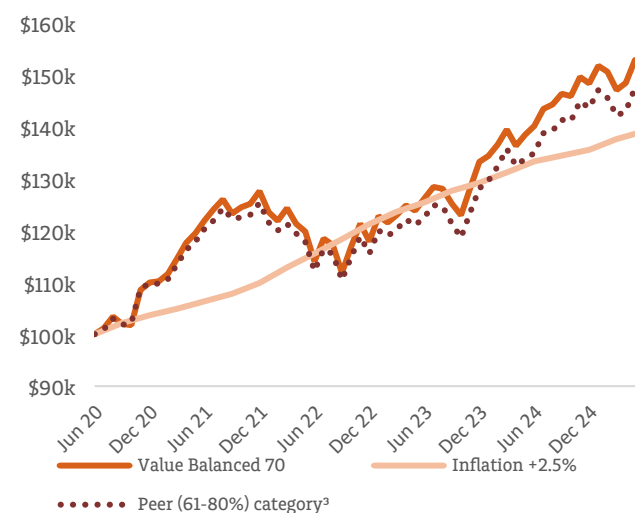
<sup>1</sup> Assumes distributions are reinvested. Returns are net of model manager fee, rebates and indirect costs. Returns greater than 1 year are annualised

<sup>2</sup> Managed fund income is included when we receive the distribution

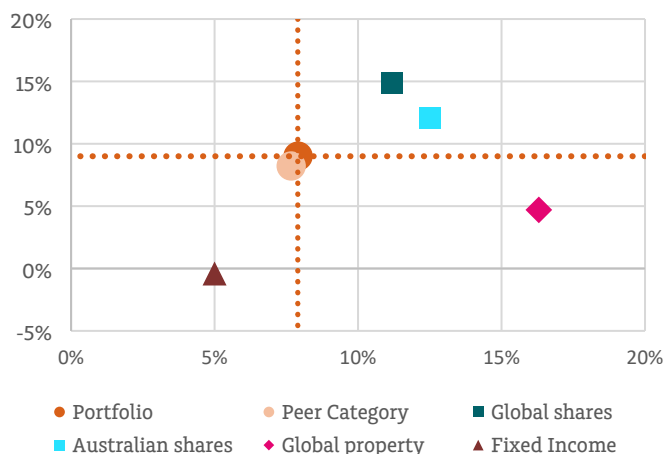
<sup>3</sup> Morningstar Multisector Growth (61% - 80%) category average

<sup>4</sup> Portfolio inception date is 1 July 2020

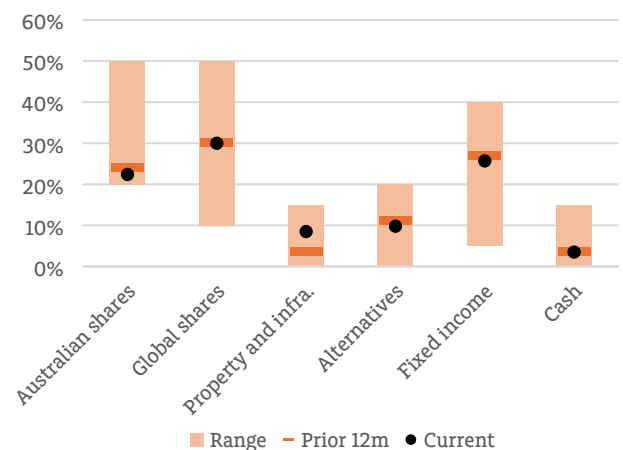
## Growth of \$100k invested since



## Portfolio risk & return since inception



## Portfolio asset allocation



The performance and holdings in this document are for the Model Portfolio and are not a guarantee or an indication of the actual performance or holdings of a client's portfolio due to differences in the timing and transaction prices for portfolio changes, client investments and withdrawals during the period, timing of receipt of dividends and income distributions, platform administration fees, transactional costs associated with the client's portfolio, and any portfolio exclusions required by the client. Past performance is not a reliable indicator or guarantee of any future performance. The value of an investment may rise or fall with the changes in the market. Inflation is measured by the Consumer Price Index (CPI). We use the most recent CPI as an estimate until the actual CPI is available from the Australian Bureau of Statistics.

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ASSET MANAGEMENT

**40**  
YEARS OF INVESTMENT  
INNOVATION

## What happened in markets over the month?

- US share prices continued their remarkable recovery from April lows. Investors have taken some comfort with the US President suggesting that tariffs deals are negotiable. However, President Trump has selectively threatened to raise tariffs on imported aluminium and steel from 25% to 50% and apply a 25% tariff on Apple iPhones in the final days of May. US economic activity has generally been modest with consumers cautious about retail spending despite a solid jobs market and lower energy prices. European shares also advanced on optimism that President Trump's tariff proposals were more bark than bite. President Trump did threaten to impose a 50% tariff on European goods but then agreed to delay these tariffs until July. Chinese shares rebounded with signs that China-US trade talks were making some progress. China has agreed to lower tariffs on US imports from 125% to 10% in response to the USA lowering their tariff rates from 145% to 30% while awaiting final negotiations.
- Australian shares tracked the upswing in global shares. The Information Technology sector made remarkable monthly gains of 19.8% with WiseTech rebounding on a US technology firm acquisition. The Energy sector surged by 8.6% which was led by Woodside on news that the Federal Government had extended approval for their gas export facility. There were also strong gains for Communication Services, Financials and Real Estate sectors which benefitted from the RBA cutting the cash interest rate by 0.25% to 3.85%. Australia's economic data provides a subdued profile. Both housing construction approvals and retail spending fell in April with consumers still very cautious given the 'cost of living'. However, there was a positive surprise with strong job gains in April and the unemployment rate remaining steady at 4.1%.
- Global government bond yields rose sharply with optimism that President Trump tariffs will not be as damaging to global economic activity as feared in April. Notably the US government credit rating was downgraded from AAA to Aa1 by Moody's Ratings given rising US budget and debt obligations. Credit markets spreads narrowed in May given an improving risk appetite by investors.

## What happened in the Portfolio?

The Portfolio generated a positive return for the month, with global share prices making strong gains in May on hopes that President Trump's tariffs will prove more modest than April's announcements. President Trump agreed to a temporary tariff truce of 90 days in May with both China and Europe.

- Resolution Capital Global Listed Infrastructure Fund - The proposed acquisition of portfolio company TXNM Energy Inc. by US private equity firm Blackstone significantly impacted the stock price upwardly. This, combined with strong performance from renewable-oriented holdings, contributed positively to overall fund performance.
- MLC Real Return Fund - MLC Real Return Fund performed strongly. While performance was driven largely by equity allocations, meaningful equity-linked derivative exposure continues to provide the fund with downside protection should market continue to be highly volatility over calendar year 2025.

Global market returns	1m	3m	1yr
<b>Shares</b>			
ASX200	4.2%	4.3%	13.4%
MSCI AC World	5.2%	-0.8%	18.0%
MSCI AC World (H)	5.6%	0.5%	12.1%
MSCI EM	3.7%	2.7%	16.8%
<b>Listed property</b>			
AU REITs	5.0%	6.2%	12.4%
Global REITs (H)	2.5%	-0.7%	8.7%
<b>Infrastructure</b>			
Global Infra (H)	1.4%	2.8%	13.9%
<b>Fixed income &amp; Cash</b>			
Aus Bond Comp	0.2%	2.0%	6.8%
Aus Bond Credit	0.6%	2.0%	7.6%
90 Day bank bills	0.3%	1.0%	4.4%
Global Agg (H)	-0.4%	0.1%	5.3%
Global Credit (H)	0.1%	0.1%	5.6%
Global High Yield (H)	1.6%	0.6%	9.6%

Source: MLC Asset Management

All returns are total returns stated in AUD terms

(H) signifies the index is currency hedged

AusBond Comp, AusBond IG, Global Agg and Global Agg IG Credit are all 0+ year indexes. provided by Bloomberg.



ASSET MANAGEMENT

Monthly Report | 2

# Value Balanced 70 Portfolio

Monthly Report | 31 May 2025



## What does the Portfolio hold?

Asset class			Weighting (%)
Australian shares (directly held)			18.5
Commonwealth Bank of Australia	3.5	Goodman Group	0.6
BHP Group Ltd	2.2	Transurban Group	0.6
CSL Ltd	1.4	Rio Tinto Ltd	0.5
Westpac Banking Corporation	1.4	QBE Insurance Group Ltd	0.5
National Australia Bank Ltd	1.3	Woolworths Group Ltd	0.5
Wesfarmers Ltd	1.1	Aristocrat Leisure Ltd	0.4
Australia & New Zealand Banking Group Ltd	1.0	Coles Group Ltd	0.4
Macquarie Group Ltd	0.8	Fortescue Metals Group Ltd	0.3
Telstra Corporation Ltd	0.7	Santos Ltd	0.3
Woodside Energy Group Ltd	0.6	James Hardie Industries PLC	0.2
Australian shares			3.9
Passive, all cap	Vanguard Australian Shares Index ETF		3.9
Global shares			30.0
Passive, developed markets, unhedged	iShares International Equity Index Fund		11.4
Passive, developed markets, hedged	iShares Hedged International Equity Index Fund		14.3
Active, emerging markets, unhedged	Walter Scott Emerging Markets Fund		4.3
Property and Infrastructure			8.5
Active, hedged	Resolution Capital Global Property Securities Fund		4.6
Active, hedged	Resolution Capital Global Listed Infrastructure Fund		3.9
Alternatives			9.8
Real return strategy	MLC Real Return Assertive		9.8
Fixed income			25.7
Australian, active, short maturity	Antares Income Fund		5.9
Australian, active, all maturity	Janus Henderson Australian Fixed Interest Fund		7.6
Global, active, all maturity, hedged	PIMCO Global Bond Fund Wholesale		4.3
Global, active, high yield, hedged	Bentham Syndicated Loan Fund		3.9
Global, active, high yield, hedged	Bentham Global Income Fund		4.0
Cash			3.5
Cash account			3.5
Total			100

# Value Balanced 70 Portfolio

Monthly Report | 31 May 2025



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